

Biodiesel Producers Licensing Standards

The following are the licensing standards followed by the Nebraska Department of Revenue, Motor Fuels Division for full-scale, micro-scale, and producer/consumers of Biodiesel. These standards are intended to provide a general guideline of the current licensing requirements in effect as of September, 2006.

Potential licensees must contact the Nebraska Department Revenue, Motor Fuels Division at (402) 471-5730 or (800) 554-3835. You will speak with an Account Representative who will guide you through the licensing process. At the same time, they will advise you of responsibilities you may have concerning federal fuel taxes and Nebraska environmental requirements.

Full-scale Producer – Is defined as a Biodiesel producer who produces in excess of 100,000 gallons per year and sells this production at wholesale or retail. They are required to file a monthly production return (Form 83) electronically and obtain a surety bond in the minimum amount of three times their monthly motor fuel tax liability or \$20,000, whichever is greater. If they also make retail sales of Biodiesel, they will be required to obtain a retailer's license for each physical location making retail sales. They will also be required to pay the appropriate tax on any Biodiesel products sold.

Micro-scale Producer – Is defined as a Biodiesel producer who produces 100,000 gallons or less per year and sells less than half of this production at wholesale or retail. The remaining Biodiesel is retained for the producer's own use. They are required to file a monthly production return (Form 83) electronically and obtain a surety bond in the amount of \$5,000. If they make retail sales of Biodiesel, they will be required to obtain a retailer's license for each physical location making retail sales. They will also be required to pay the appropriate tax on all Biodiesel products sold or consumed by them. Taxes paid on any fuel consumed by them in an exempt manner (e.g. farm tractor, irrigation engine) will be subject to refund.

Producer/Consumer – Is defined as a Biodiesel producer who produces Biodiesel exclusively for their own use and not for resale. As such, they will not be required to file a Form 83 or obtain a surety bond. They are responsible for remitting the Nebraska motor fuel tax on each gallon of Biodiesel produced. In order to remit the appropriate tax, they will become licensed as a motor fuel consumer and report the tax by filing a quarterly "on-line" return. Remittance of the tax will be made separately from this filing. Taxes paid on any fuel consumed in an exempt manner (e.g. farm tractor, irrigation engine) will be subject to refund.